Non-observance of delivery versus payment mechanism;

Undertaking transactions with brokers as counter parties;

Undertaking simultaneous transactions i.e. sell and purchase with the same broker;

Laxity in internal control system, etc.

Transaction in Government securities in physical form in violation of the RBI instructions.

(b) and (c) RBI has laid down detailed guidelines under which all transactions in Government securities are to be undertaken only through SGL account where available but these banks undertook transactions in the physical mode and the physical delivery of the securities were not insured. These violations had come to the light in course of regular statutory inspections or as a follow up on off-site surveillance. These transactions were manifestly fraudulent transactions and did not reflect in any way on adequacy of regulatory guidelines. Further, the violations were not of the type observed in the case of Madhavpura Mercantile Co-operative Bank. In view of the manifest fraudulent transaction in violation of its guidelines and to forestall any further damage, RBI has taken several actions both on the policy level and against the individual banks to ensure that the irregularities of the type observed do not recur.

Sale of UTI's stake in ITC

2158. SHRI K.B. KRISHNAMURTHY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) wether it is a fact that the Unit Trust of India is planning to unload its stake of 14 per cent of ITC shares in the stock market;

(b) if so, whether UTI propose to offload the stake through an open bid system to ensure an attractive bid offer from interested buyers;

(c) whether ITC has been exerting pressure on Government to prevail upon the UTI not to off-load its stake in favour of British American Tobaco; and

(d) if so, whether Government would permit UTI to decide upon the choice of bidder on sole consideration of highest bid amount?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Investment/disinvestment decisions are made by UTI on basis of its own commercial judgement. UTI has intimated that details of specific moves cannot be disclosed in advance since this can adversely affect investors interest.

(c) No, Sir.

(d) UTI is not required to seek approval of Government for its investment/disinvestment decisions.

Tax evasion by All Cargo Movers Private Ltd.

2159. SHRI ABANI ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have noticed tax evasion by All Cargo Movers Private Ltd., East of Kailash Community Centre, New Delhi;

(b) if so, whether it is also a fact that they do not deduct tax on the salary of their employees;

(c) if so, the details of action taken by Government in this regard; and

(d) the details of taxes paid by the said company and its branch office during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINEE N. RAMACHANDRAN): (a) There is a company named All Cargo Movers (North) Pvt. Ltd. at the Community Centre, East of Kailash, New Delhi and there is a branch office of another company called All Cargo Movers (India) Pvt. Ltd. at this address. The Head Office of this latter company is located at Mumbai, income tax search was conducted in the case of All Cargo Movers (India) Private Ltd. in Mumbai on 30/10/2001 during the course of which certain incriminating documents were found. The group of companies of which All Cargo Movers (India) Pvt. Ltd. is a part has declared undisclosed income of Rs. Two crores for the block period.

(b) and (c) M/s. All Cargo Movers (India) Pvt. Ltd. has deducted tax at source on salary payments. M/s. All Cargo Movers (North) Pvt. Ltd.